

WESTERN MASSACHUSETTS ELECTRIC COMPANY

MDTE No. 1040A

RESIDENTIAL ASSISTANCE ADJUSTMENT CLAUSE
RATE RAAC

The purpose of the Residential Assistance Adjustment Clause ("RAAC") is to provide Western Massachusetts Electric Company ("WMECO") with a cost recovery reconciling mechanism for lost revenue associated with increased customer participation in the Company's two discounted rates, Residential Low Income Rate R-2 and Residential Space Heating – Low Income Rate R-4. The cost recovery mechanism is set forth in the Department of Telecommunications and Energy's ("Department") order in D.T.E. 01-106-C/05-55/05-56 (October 14, 2005).

The Company shall calculate a baseline amount of low-income discount that is collected through base rates for the twelve months ending June 30, 2005. The baseline amount shall be calculated as the difference between the distribution revenue billed under Residential Rates R-2 and R-4 and what the Company would have billed these customers had they received delivery service under Residential Rates R-1 and R-3. On or after July 1, 2005, any amount of low-income discount in excess of the baseline amount will be eligible for recovery. The Company shall accrue interest at the prime interest rate on any over- or under-recovery.

The calculated cost recovery shall be collected from all of the Company's retail delivery service customers on a per kilowatt-hour basis. The per kWh charge will be called the Residential Assistance Adjustment Factor ("RAAF") and be set on the first day of the calendar year, with subsequent adjustments on the first day of each following calendar year pursuant to reconciliation, unless otherwise ordered by the Department. The Company will reconcile this cost recovery mechanism in its annual Transition Charge Reconciliation Filing.

Each adjustment of the prices under the Company's applicable rates shall be in accordance with a notice filed with the Department setting forth the increase or decrease and the new Residential Assistance Adjustment Factor amount. The notice shall further specify the effective date of such adjustment, which shall not be earlier than thirty days after the filing of the notice, or such other date as the Department may authorize.

The operation of the Residential Assistance Adjustment Clause is subject to Chapter 164 of the General Laws.